

**A Compagnie Generale Des Eaux v Compagnie Generale
Des Eaux Sdn Bhd**

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO D-5-22-590-92

ABDUL MALEK J

24 JUNE 1992

Tort — *Passing-off* — *Injunction* — *Defendant company was incorporated locally with name similar to that of multinational company — Multinational company had not been registered locally — Whether defendant company could be restrained from using name — Whether plaintiff company had established goodwill, reputation and presence — Whether name was generic — Whether there was confusion*

The plaintiff applied to the court to restrain the defendant company from using the same name, Compagnie Generale Des Eaux ('Compagnie'). The plaintiff was a French multinational company of about 130 years' standing and had been involved in joint-venture projects in Malaysia since 1986. The plaintiff had also set up a representative office in Malaysia since July 1988 and since September 1986, the plaintiff had a share in a Malaysian company.

The defendant company was incorporated with the name Compagnie in September 1991. In October 1991, the plaintiff wrote to the Registrar of Companies with a view to incorporate a company with the name Compagnie, but was informed that the name had been taken up by the defendant company. The defendant company maintained that the plaintiff had no goodwill, reputation or presence in Malaysia. The defendant company further argued that the name Compagnie was generic and could not be protected. The defendant company also applied for security for costs on the ground that the plaintiff had no assets within the jurisdiction.

Held, allowing both applications:

- (1) Reading the names of the parties in itself would have caused confusion.
- (2) The plaintiff's involvement in this country was more than sufficient to establish goodwill, reputation and presence in Malaysia.
- (3) It did not matter that the name was generic because being in French, any person in this country dealing with either party would certainly have thought that the other party was the same company. There was nothing in this case to distinguish the two parties except for the words 'Sdn Bhd' in the case of the defendant company.
- (4) The plaintiff was not yet registered locally and was in this sense not yet within the jurisdiction. Moreover, the plaintiff had an injunction in its favour subject to an undertaking for damages. Accordingly, the plaintiff was ordered to furnish RM20,000 as security for costs.

[Bahasa Malaysia summary]

Plaintif telah memohon kepada mahkamah untuk menghalang syarikat defendan daripada menggunakan nama yang sama, Compagnie Generale Des Eaux ('Compagnie'). Plaintif adalah sebuah syarikat Peranchis multinasional yang telah wujud selama 130 tahun dan terlibat dalam projek usaha sama di Malaysia sejak tahun 1986. Plaintif juga telah mendirikan suatu pejabat berperwakilan di Malaysia sejak Julai 1988 dan sejak September 1986, plaintiff mempunyai kepentingan di dalam sebuah syarikat Malaysia.

Syarikat defendan telah diperbadankan dengan nama Compagnie pada September 1991. Pada Oktober 1991, plaintiff telah menulis kepada Pendaftar Syarikat dengan tujuan untuk memperbadankan sebuah syarikat dengan nama Compagnie, tetapi telah diberitahu bahawa nama itu telah diambil oleh syarikat defendan. Syarikat defendan mempertahankan bahawa plaintiff tidak mempunyai nama baik, reputasi dan kehadiran di Malaysia. Syarikat defendan selanjutnya berhujah bahawa nama Compagnie adalah generik dan tidak boleh dilindungi. Syarikat defendan juga telah memohon untuk jaminan kos atas alasan bahawa plaintiff tidak mempunyai aset di dalam bidang kuasa.

Diputuskan, membenarkan kedua-dua permohonan:

- (1) Membaca nama kedua-dua pihak itu sendiri akan menyebabkan kekeliruan.
- (2) Penglibatan plaintiff di dalam negara ini lebih daripada memadai untuk mewujudkan nama baik, reputasi dan kehadiran di Malaysia.
- (3) Tidak menjadi hal bahawa nama itu generik kerana kewujudannya dalam bahasa Peranchis, tentu akan menyebabkan sesiapa sahaja di dalam negara ini yang berurusan dengan salah satu pihak berpendapat bahawa pihak yang lain itu adalah syarikat yang sama. Tidak terdapat apa-apa di dalam kes ini untuk membezakan kedua-dua pihak kecuali perkataan 'Sdn Bhd' di dalam kes syarikat defendan.
- (4) Plaintiff belum lagi didaftarkan di sini dan dengan itu belum lagi di bawah bidang kuasa. Tambahan pula, plaintiff mempunyai suatu injunksi memihak kepadanya tertakluk kepada suatu janji untuk ganti rugi. Oleh itu, plaintiff diperintah supaya memberi RM20,000 sebagai jaminan kos.]

[*Editorial Note*: The defendants have appealed to the Supreme Court vide Civil Appeal No 02-268-92.]

Cases referred to

- 1 *Esanda Ltd v Esanda Finance Ltd* [1984] 2 NZLR 748 (fold)
- 2 *Cavendish House (Cheltenham) Ltd v Cavendish-Woodhouse Ltd* [1970] RPC 234 (fold)
- 3 *Effluent Disposal Ltd v Midlands Effluent Disposal Ltd* [1970] RPC 238 (fold)

- A *Porres Royan and HT Tan (Shook Lin & Bok)* for the plaintiff.
David Morais (Sri Ram & Co) for the defendant.

Abdul Malek J: The plaintiff had applied to restrain the defendant from using their name, by a summons-in-chambers filed on 21 April 1992 upon a certificate of urgency on the grounds that being a French multinational company of some 130 years' standing, they had been known internationally by that name and since they have a 20% share in a Malaysian based company Taliworks Consortium Sdn Bhd since September 1986 and had set up a representative office in this country in July 1988, any other company in this country with the same name would surely result in some amount of confusion.

By virtue of its business interests in Malaysia in view of its favourable business prospects, the plaintiff had decided to expand its business here by incorporating a company locally in September 1991. However, when they wrote to the Registry of Companies on 25 October 1991, they received a reply on 30 October 1991 stating that the name they had proposed had already been taken up by the defendant which had been registered on 26 September 1991.

The defendant, in resisting the application, has maintained that the plaintiff has no goodwill, reputation or presence in Malaysia and that since the name is generic, it cannot be protected. They had also contended that the activities of the plaintiff were different and diverse from that of the defendant and that the plaintiff had not shown that they were suffering damages. Learned counsel for the defendant had also submitted on the plaintiff's delay in making the application and that the plaintiff had no assets within the jurisdiction.

To my mind, reading the names of the parties in itself would certainly have caused some confusion. This, coupled with the fact that the plaintiff had already been using the said name for the last 130 years all over the world and had been involved in joint venture projects in Malaysia since 1986, is good reason for them to be upset if another company with the same name were to be set up. No doubt the defendant had registered the name about one month before the plaintiff applied for the registration but the plaintiff's involvement in this country five years before that date is in my opinion more than sufficient to establish goodwill, reputation and presence in Malaysia. This view was despite the further argument by learned counsel for the defendant, on the original date for decision, that the plaintiff had not fulfilled the requirements stipulated for the registration of a representative office and had in fact not established a representative office here. However, in my opinion, this did not prohibit them from carrying on business through its joint venture company, which was what in fact they were doing. I was also of the view that it did not matter that the name is generic because being in the French language, any person here dealing with either party would certainly have thought that the other party in this action was the same company.

It is necessary and relevant therefore to look at other case authorities where the same name had been used. In *Esanda Ltd v Esanda Finance Ltd*,¹ the facts were as follows. In December 1982, Esanda Finance Ltd was

incorporated in New Zealand as a finance company with an authorized capital of \$100,000, all but one of the \$1 shares were held by Mr Brunner, the other being held by one of his companies. Mr Brunner was appointed governing director for life. Esanda Finance Ltd had done no business by August 1983. Esanda Ltd, an Australian finance company incorporated in 1955, and now owned by the ANZ Banking Group, had a capital of A\$100m of which A\$95m was paid up. For the year ending 30 September 1982, its gross income was A\$396m. It had no direct presence in New Zealand but it claimed a substantial reputation in the country as a major Australian finance company. Esanda Ltd and the ANZ Banking Group (New Zealand) Ltd sought an injunction restraining Esanda Finance Ltd from passing off its finance company business as belonging to or associated with them, and pending trial of the action they had moved for an interim injunction.

It was held that reputation plus some market activity in the jurisdiction was sufficient to establish a business goodwill entitled to protection. Although its business connection in New Zealand was slight, Esanda Ltd had established a sufficient business connection with New Zealand for there to be a serious question of passing off to be tried. The publicity given to Esanda Ltd's name and connections both directly in New Zealand and from Australian advertising and contacts was enough to establish a sufficient prima facie case of reputation among the local financial and business world. The affidavit evidence also sufficiently established that in the local finance and securities industry, any reference to 'Esanda' would conjure up at least an indirect association with the ANZ Banking Group (New Zealand) Ltd via its Australian parent. Consequently, the court ruled that the balance of convenience undoubtedly favoured the granting of an interim injunction to maintain the status quo.

The defendant here had also complained of the plaintiff's delay in making the application but my opinion was that there had been none and even if there was any, it had been well explained. The plaintiff knew of the situation on 30 October 1991 and had filed the writ about six months later on 21 April 1992. They had tried to solve the matter first through the intervention of the Registrar of Companies and this had taken time. In another case where the same name was involved, the question of delay had also been touched upon. It is therefore pertinent to refer to the case of *Cavendish House (Cheltenham) Ltd v Cavendish-Woodhouse Ltd*² where the facts were that on a motion for interlocutory relief in a passing-off action, the plaintiffs had established what was found by the trial judge to be a strong prima facie case, but they had delayed applying for interlocutory relief from October 1967, when they first became aware of the defendants' activities, until the writ was issued in July 1968. Notwithstanding this delay, the trial judge decided that in all the circumstances of the case, an interlocutory injunction should be granted.

On appeal by the defendants to the Court of Appeal it was held, while dismissing the appeal, that there was a strong prima facie case of passing-off, that some of the delay, but not that from January to May 1968, was fairly well explained, and that, on the whole, the court did not disagree with the discretionary view reached by the trial judge, who had not misdirected

A himself in a way which entitled the court to reverse his decision. Accordingly, an interlocutory injunction was granted.

Similarly, both these issues were also raised in *Effluent Disposal Ltd v Midlands Effluent Disposal Ltd*.³ There, the plaintiff company had since 1965 conducted an increasingly prosperous business in the disposal of effluent, advertising under its own name of 'Effluent Disposal Ltd' and operating from Birmingham in the Midlands. The defendant company, 'Midlands Effluent Disposal Ltd' was formed in January 1969 with the object of carrying on business in the disposal of industrial effluent and also claimed to have an increasing business. There was some evidence of confusion in newspapers between the two businesses, but no evidence from the trade. Not later than the first week in June 1969, the plaintiff company had ascertained that the defendant company would not change its name to avoid the confusion which the plaintiff company alleged. It was not until the issue of the writ, on 7 October 1969, that any further step was taken, and there was no evidence as to the reason for this long delay. It was decided that the plaintiff had made out a very strong prima facie case and that the only word which could serve to differentiate the two businesses was the word 'Midlands' and this, on the facts of the case, was no distinction at all. In our case, the situation appears to be stronger as there is nothing to distinguish the two parties except for the words 'Sdn Bhd' in the case of the defendant.

E On these facts and considerations, I had accordingly granted the plaintiff's application for an injunction with costs.

As for the defendant's application for security for costs which was heard at the same time, it is true that it is not an inflexible rule that foreign plaintiffs should be ordered to pay the same in all cases. And, despite my finding that the plaintiff had established goodwill, reputation and presence in Malaysia, my view was that they were not yet registered locally and was therefore in that sense not yet within the jurisdiction. As they have an injunction on their favour subject to an understanding for damages I was more inclined, using my discretion, to order some security for costs but felt that RM50,000 asked for by learned counsel for the defendant was a bit on the high side. I had therefore granted their application for RM20,000 to be paid within one month, as agreed by both parties of the order.

Application allowed.

Reported by Zarinah Marican

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